

S U P E R S E D I N G I N D I C T M E N T

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
BROWNSVILLE DIVISION

CLERK OF DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
BROWNSVILLE, TEXAS

JUL 24 1991

JESSE E. CLARK, CLERK

UNITED STATES OF AMERICA

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v.

*

CRIMINAL NO. 83-91-112..

JOHN BLONDEK,
DONALD CASTLE,
DARRELL W.T. LOWRY, and
VERNON R. TULL

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I N D I C T M E N T

THE GRAND JURY CHARGES:

COUNT 1

A. INTRODUCTION

At all times material to this Indictment:

1. Eagle Bus Manufacturing, Inc. ("Eagle") was a corporation engaged in the manufacture and sale of buses, and maintained its place of business in Brownsville, Texas. Eagle was a subsidiary of Greyhound Lines, Inc. ("Greyhound"), a corporation which has its principal offices in Dallas, Texas.
2. The Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. § 78dd, et seq., was enacted by the Congress for the purpose of making it unlawful to make payments to foreign government officials to obtain or retain business.

TRUE COPY I CERTIFY
ATTEST:
JESSE E. CLARK, Clerk

By D. N. Aldape
Deputy Clerk

3. Greyhound Lines, Inc., the parent corporation of Eagle, was an issuer as that term is used in the Foreign Corrupt Practices Act of 1977, 15 U.S.C. § 78dd-1(a).
4. Saskatchewan Transportation Company ("STC") was a corporation owned by the Government of the Province of Saskatchewan, Canada, and operated a bus transportation system in that Province. STC was an instrumentality of the Saskatchewan Provincial Government as that term is used in the Foreign Corrupt Practices Act of 1977, 15 U.S.C. §78dd-1(a).
5. The defendant JOHN BLONDEK resided in Rancho Viejo, Texas, and was the president of Eagle until September 1989. The defendant BLONDEK was an employee of an issuer as that term is used in the Foreign Corrupt Practices Act of 1977, 15 U.S.C. § 78dd-1(a).
6. The defendant VERNON R. TULL resided in Harlingen, Texas, and was the vice-president of Eagle responsible for marketing. The defendant TULL was an employee of an issuer as that term is used in the Foreign Corrupt Practices Act of 1977, 15 U.S.C. § 78dd-1(a).
7. The defendant DARRELL W.T. LOWRY, a Canadian national, resided in Regina, Saskatchewan, Canada, and was a vice-president of STC. As an officer of STC, an instrumentality of the Saskatchewan Provincial Government, he was a foreign official as that term is

defined in the Foreign Corrupt Practices Act of 1977, 15 U.S.C. § 78dd-1(f)(1).

8. The defendant DONALD CASTLE, a Canadian national, resided in Regina, Saskatchewan, Canada, and was the president of STC. As an officer of STC, he was a foreign official as that term is defined in the Foreign Corrupt Practices Act of 1977, 15 U.S.C. § 78dd-1(f)(1).

B. THE CONSPIRACY

Beginning in or about August 1989 and continuing through February 1990, in the Southern District of Texas and elsewhere, the defendants JOHN BLONDEK and VERNON R. TULL did unlawfully, willfully and knowingly combine, conspire and confederate with other divers persons known and unknown to the Grand Jury:

1. To violate the Foreign Corrupt Practices Act of 1977, as amended, by the use of the mails and of means and instrumentalities of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of money, that is, Canadian \$50,000, to two officials of the Government of the Province of Saskatchewan, Canada, both of whom were foreign officials as that term is defined in the Foreign Corrupt Practices Act of 1977, 15 U.S.C. § 78dd-1(f)(1), for the purpose of influencing the acts and decisions of said foreign officials in their official capacities; inducing said foreign officials to do or omit to do acts in violation of their lawful duty; and inducing said

foreign officials to use their influence with the STC, a wholly-owned instrumentality of the Government of the Province of Saskatchewan, Canada, to affect and influence the acts and decisions of the STC in order to assist the defendants and their coconspirators in obtaining and retaining business for and directing business to Eagle in violation of Title 15, United States Code, Sections 78dd-1(a)(1) and 78ff(c)(2).

C. MEANS AND METHODS OF THE CONSPIRACY

The charged conspiracy was accomplished by the following means and methods and in the following manner:

1. It was part of the conspiracy that the defendants BLONDEK and TULL, and others known and unknown to the Grand Jury, would and did offer, promise and agree to pay, and authorize the payment of money -- in the amount of Canadian \$50,000 -- to officials of the Government of the Province of Saskatchewan, Canada, in order for Eagle to obtain and retain a contract to sell 11 buses to STC, an instrumentality of the Saskatchewan Government.
2. It was a further part of the conspiracy that the defendants BLONDEK and TULL and others known and unknown to the Grand Jury would and did use various methods to conceal the conspiracy in order to insure the continuing existence and success of the conspiracy, including but not limited to:

- a. arranging to have STC funds -- purporting to represent a portion of the purchase price of the 11 buses -- paid to a corporation owned and controlled by a coconspirator and converted into Canadian currency;
- b. preparing and using false invoices and other documentation; and
- c. preparing and mailing -- to a Canadian corporation assisting Eagle in the export of and payment for its buses -- a letter which falsely stated that a "volume discount" was to be credited to STC.

D. OVERT ACTS

In order to further the objects and purposes of this conspiracy, the defendants BLONDEK and TULL, and their coconspirators, known and unknown to the Grand Jury, did commit and cause to be committed the following and other overt acts within the Southern District of Texas and elsewhere:

1. On or about August 2, 1989, in Brownsville, Texas, the defendants BLONDEK and TULL met with Eagle's Canadian agent, who had been attempting to negotiate a sale of 11 buses to STC since in or about July 1989, and discussed with him the demand of STC officials Darrell W.T. Lowry, a vice-president of STC, and Donald Castle, the president of STC, that \$50,000 in Canadian funds be paid in order for Eagle to receive an order from STC for 11 buses. At

that meeting, the defendant BLONDEK, then the president of Eagle, directed Eagle's Canadian agent to make arrangements to pay the money demanded by the Canadian officials but to do so in a manner that did not require Eagle to pay the money directly.

2. On or before August 12, 1989, in Brownsville, Texas, the defendant BLONDEK directed the defendant TULL to travel to Regina, Saskatchewan, Canada, to ensure that their coconspirator, Eagle's Canadian agent, had conveyed to the Canadian officials BLONDEK's agreement to pay the \$50,000 Canadian requested by the officials and to further ensure that Eagle funds were not used directly to make the payment.
3. On or about August 12, 1989, the defendant TULL traveled from Harlingen, Texas, to Winnipeg, Manitoba, Canada, via commercial aircraft.
4. On or about August 14, 1989, in Regina, Saskatchewan, Canada, the defendant TULL met in an automobile with Eagle's Canadian agent and STC vice-president Darrell W.T. Lowry to discuss the manner in which the \$50,000 Canadian would be paid to the STC officials.
5. On or about August 14, 1989, the defendant TULL traveled from Regina, Saskatchewan, Canada, to Harlingen, Texas, via commercial aircraft.
6. On or about August 15, 1989, in the STC office in Regina, Saskatchewan, Canada, Eagle's Canadian agent and others,

known and unknown to the Grand Jury, arranged to have STC funds, in the form of a check in the amount of Canadian \$52,000 representing a portion of the purchase price of the 11 Eagle buses, drawn to the order of a Canadian corporation owned and controlled by the Canadian agent.

7. On or about August 17, 1989, in Peterborough, Ontario, Canada, the Canadian agent deposited the STC check in the amount of Canadian \$52,000 into Account No. 126-642-8 at the Royal Bank of Canada.
8. On or about August 21, 1989, in Peterborough, Ontario, Canada, the Canadian agent obtained a bank draft payable to himself in the amount of Canadian \$50,000.
9. On or about August 22, 1989, the Canadian agent travelled from Toronto, Ontario, Canada, to Regina, Saskatchewan, Canada, by commercial aircraft, carrying the Canadian \$50,000 bank draft payable to himself.
10. On or about August 23, 1989, in Regina, Saskatchewan, Canada, the Canadian agent cashed a Canadian \$50,000 bank draft at the Main Branch of the Royal Bank of Canada and received 50 Canadian \$1,000 denomination bills.
11. On or about August 23, 1989, in Regina, Saskatchewan, Canada, at the offices of STC, the Canadian agent met with the president of STC, Donald Castle, and delivered into his hand the 50 Canadian \$1,000 denomination bills the agent had obtained from the Royal Bank of Canada.

12. In or about September 1989, in Brownsville, Texas, the defendant TULL directed the Canadian agent to prepare a letter -- on the letterhead of Eagle to Ontario Bus Industries, Inc. ("OBI"), the Canadian firm which was assisting Eagle in the sale of the 11 buses to STC -- falsely stating that STC had been granted a "volume discount" amounting to \$43,940, the approximate equivalent on that date of Canadian \$50,000.
13. On or about October 23, 1989, in Brownsville, Texas, in accordance with the prior instruction of the defendant TULL, a letter was mailed to Ontario Bus Industries, Inc. advising that STC had been granted a discount of \$43,940 on the purchase price of the 11 buses.
14. On or about October 24, 1989, in Toronto, Ontario, Canada, the Canadian agent received 25 Canadian \$1,000 denomination bills from STC president Donald Castle with the instruction to convert the bills into Canadian \$100 denomination bills.
15. On or about October 24, 1989, in Rexdale, Ontario, Canada, the Canadian agent deposited the 25 Canadian \$1,000 denomination bills he had received from STC president Donald Castle at a branch of the Royal Bank of Canada for credit to Account 126-642-8 at the Royal Bank of Canada branch in Peterborough, Ontario, Canada.
16. On or about November 8, 1989, in Peterborough, Ontario, Canada, the Canadian agent withdrew 250 Canadian \$100

- denomination bills from the Royal Bank of Canada and delivered the funds to STC president Donald Castle.
17. On or about November 15, 1989, in Toronto, Ontario, Canada, the Canadian agent received from STC vice-president Darrell W.T. Lowry 25 Canadian \$1,000 denomination bills with the instruction to convert them into Canadian \$100 denomination bills.
 18. On or about November 16, 1989, in Peterborough, Ontario, Canada, the Canadian agent arranged to have deposited into Account 126-642-8, at the Royal Bank of Canada, the 25 Canadian \$1,000 denomination bills he had received from STC vice-president Darrell W.T. Lowry.
 19. On or about November 27, 1989, in Peterborough, Ontario, Canada, the Canadian agent withdrew \$25,000 in Canadian \$100 denomination bills from the Royal Bank of Canada.
 20. On or about November 27, 1989, in Toronto, Ontario, Canada, the Canadian agent delivered the sum of Canadian \$25,000 in \$100 denomination bills to STC vice-president Darrell W.T. Lowry.
 21. On or about January 22, 1990, in Dallas, Texas, defendant TULL met with the then president of Greyhound and explained the purpose of the two percent discount letter sent to OBI.
 22. On or about January 22, 1990, in Dallas, Texas, the Canadian agent met with the then president of Greyhound

and explained how the Canadian \$50,000 payment was made to the Canadian officials.

All in violation of Title 18, United States Code, Section 371.

COUNT 2

1. Paragraphs A.1 through A.8 of the Introduction and D.1 through D.3 of Count 1 are hereby realleged and incorporated herein as if set forth in full.
2. On or about August 12, 1989, in the Southern District of Texas and elsewhere, the defendants JOHN BLONDEK and VERNON R. TULL, employees of an issuer, used and caused the use of a means or instrumentality of interstate commerce, to wit, the travel from Harlingen, Texas, to Winnipeg, Manitoba, Canada, by the defendant VERNON R. TULL, by commercial aircraft, corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of money, that is, Canadian \$50,000, to two officials of the Saskatchewan Transportation Company, a wholly-owned instrumentality of the Government of the Province of Saskatchewan, Canada, both of whom were foreign officials as that term is defined in the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. § 78dd-1(a)(1), for the purpose of influencing the acts and decisions of said foreign officials in their official capacities; inducing said foreign officials to do or omit to do acts in violation of their lawful duty; and

inducing said foreign officials to use their influence with the Saskatchewan Transportation Company, to affect and influence the acts and decisions of the STC in order to assist Greyhound, through its subsidiary, Eagle, in obtaining and retaining business for and directing business to Eagle, that is, for the sale of 11 buses having a value of approximately \$2,770,225.

All in violation of Title 15, United States Code, Sections 78dd-1(a)(1) and 78ff(c)(2); and Title 18, United States Code, Section 2.

COUNT 3

1. Paragraphs A.1 through A.8 of the Introduction and D.1 through D.5 of Count 1 are hereby realleged and incorporated herein as if set forth in full.
2. On or about August 14, 1989, in the Southern District of Texas and elsewhere, the defendants JOHN BLONDEK and VERNON R. TULL, employees of an issuer, used and caused the use of a means or instrumentality of interstate commerce, to wit, the travel from Regina, Saskatchewan, Canada, to Harlingen, Texas, by the defendant VERNON R. TULL, by commercial aircraft, corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of money, that is, Canadian \$50,000, to two officials of the Saskatchewan Transportation Company, a wholly-owned instrumentality of the Government of the

Province of Saskatchewan, Canada, both of whom were foreign officials as that term is defined in the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. § 78dd-1(a)(1), for the purpose of influencing the acts and decisions of said foreign officials in their official capacities; inducing said foreign officials to do or omit to do acts in violation of their lawful duty; and inducing said foreign officials to use their influence with the Saskatchewan Transportation Company, to affect and influence the acts and decisions of the STC in order to assist Greyhound, through its subsidiary, Eagle, in obtaining and retaining business for and directing business to Eagle, that is, for the sale of 11 buses having a value of approximately \$2,770,225.

All in violation of Title 15, United States Code, Sections 78dd-1(a)(1) and 78ff(c)(2); and Title 18, United States Code, Section 2.

COUNT 4

1. Paragraphs A.1 through A.8 of the Introduction and D.1 through D.13 of Count 1 are hereby realleged and incorporated herein as if set forth in full.
2. On or about October 23, 1989, in the Southern District of Texas and elsewhere, the defendant VERNON R. TULL, an employee of an issuer, used and caused the use of the mails, to wit, the mailing of a letter from Brownsville,

Texas, to Ontario Bus Industries, Inc. -- a Canadian firm which was assisting Eagle in the sale of the 11 buses to STC -- in Mississauga, Ontario, Canada, falsely stating that STC had been granted a "volume discount" amounting to \$43,940, corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of money, that is, Canadian \$50,000 [then the approximate equivalent in United States funds of \$43,940], to two officials of the Saskatchewan Transportation Company, a wholly-owned instrumentality of the Government of the Province of Saskatchewan, Canada, both of whom were foreign officials as that term is defined in the Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. § 78dd-1(a)(1), for the purpose of influencing the acts and decisions of said foreign officials in their official capacities; inducing said foreign officials to do or omit to do acts in violation of their lawful duty; and inducing said foreign officials to use their influence with the Saskatchewan Transportation Company, to affect and influence the acts and decisions of the STC in order to assist Greyhound, through its subsidiary, Eagle, in obtaining and retaining business for and directing business to Eagle, that is, for the sale of 11 buses having a value of approximately \$2,770,225.

All in violation of Title 15, United States Code, Sections 78dd-1(a)(1) and 78ff(c)(2); and Title 18, United States Code, Section 2.

COUNT 5

1. Paragraphs A.1 through A.8 of the Introduction are hereby realleged and incorporated herein as if set forth in full.
2. In or about July 1989, Eagle's Canadian agent received a telephone call from the defendant DARRELL W.T. LOWRY, a vice president of STC, in which LOWRY stated that he wanted to meet with the Canadian agent in Regina, Saskatchewan, Canada, concerning a matter that LOWRY was reluctant to discuss on the telephone.
3. On or about July 21, 1989, the Canadian agent travelled from Peterborough, Ontario, Canada to Regina, Saskatchewan, Canada for the purpose of meeting with the STC official, the defendant DARRELL W.T. LOWRY.
4. On or about July 27, 1989, at the Journey's End Inn in Regina, Saskatchewan, Canada, the defendant DARRELL W.T. LOWRY, and the STC president, the defendant DONALD CASTLE, told the Canadian agent for Eagle, that a payment of Canadian \$50,000 would be necessary in order for Eagle to sell 11 buses to the STC. The Canadian agent agreed to travel to Brownsville, Texas, to present the officials' demand to Eagle's management.

5. On or about July 27, 1989, in Regina, Saskatchewan, Canada, following the Journey's End meeting, the Canadian agent prepared a hand-written purchase order for 11 Eagle buses -- subject to approval by Eagle's president, John Blondek.
6. On or about August 1, 1989, in the Southern District of Texas and elsewhere, the defendants DONALD CASTLE and DARRELL W.T. LOWRY did travel and did cause travel in interstate and foreign commerce, that is, they caused the travel by Eagle's Canadian agent from Toronto, Ontario, Canada, via Dallas, Texas, to Harlingen, Texas, with intent to promote, manage, establish, and carry on, and to facilitate the promotion, management, establishment, and carrying on of an unlawful activity; that is, commercial bribery in violation of Section 32.43 of the Penal Code of the State of Texas, to wit, the conveyance to officers of Eagle of a demand for the payment of money for the award of a contract, and thereafter said defendants did perform and attempt to perform and cause to be performed acts to promote, manage, establish, and carry on, and to facilitate and cause to facilitate the promotion, management, establishment, and carrying on of said unlawful activity, without the consent of STC, the employer of the defendants CASTLE and LOWRY, with intent to influence unlawfully the conduct of the defendants CASTLE and LOWRY in the performance of their duties and

the affairs of STC, that is, the award of a contract to Eagle; to wit, the Canadian agent met with defendants BLONDEK and TULL and conveyed the Canadian officials' demand for the payment of money for the award of a contract.

All in violation of Title 18, United States Code, Sections 1952(a)(3) and 2.

COUNT 6

1. Paragraphs A.1 through A.8 of the Introduction and 2 through 5 of Count 5 are hereby realleged and incorporated herein as if set forth in full.
2. On or about August 12, 1989, in the Southern District of Texas and elsewhere, the defendants JOHN BLONDEK, VERNON R. TULL, DONALD CASTLE and DARRELL W.T. LOWRY, did travel and cause travel in interstate and foreign commerce, that is, the travel by the defendant VERNON R. TULL from Harlingen, Texas, to Winnipeg, Manitoba, Canada, to Regina, Saskatchewan, Canada, with intent to promote, manage, establish, and carry on, and to facilitate the promotion, management, establishment, and carrying on of an unlawful activity; that is, commercial bribery, in violation of Section 32.43 of the Penal Code of the State of Texas, to wit, the approval of a purchase order from STC for 11 buses to be manufactured by Eagle, and thereafter said defendants did perform and attempt to


perform and cause to be performed acts to promote, manage, establish, and carry on, and to facilitate and cause to facilitate the promotion, management, establishment, and carrying on of said unlawful activity, without the consent of STC, the employer of the defendants CASTLE and LOWRY, with intent to influence unlawfully the conduct of the defendants CASTLE and LOWRY in the performance of their duties and the affairs of STC, that is, the award of a contract to Eagle; to wit, defendant TULL met with a Canadian official and conveyed TULL's and defendant BLONDEK's agreement to pay the Canadian officials the money demanded.

All in violation of Title 18, United States Code, Sections 1952(a)(3) and 2.

A TRUE BILL:


FOREMAN OF THE GRAND JURY

RONALD G. WOODS
UNITED STATES ATTORNEY


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